



# **US ARMY NAF EMPLOYEE *RETIREMENT PLAN***

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**DEFINED BENEFIT RETIREMENT PLAN**

## Table of Contents

Joining the Retirement Plan	3
Military Service Credit	4
Vesting	7
Participation Begins	7
Participation Ends	7
Termination of Employment	8
Types of Retirement Benefits	9
VERA/VSIP	9
Supplemental Early Retirement (SERB)	10
Deferred Annuity	10
Disability Annuity	10
Optional Benefits	11
Death Benefits	13
Survivor Benefits	14
Retirement Benefits	14
NAF to NAF Portability	14
NAF to APF Portability	15
Applying for Monthly Benefits	17
Start of Annuity Payment	17
Normal Annuity Formula	18
Early Annuity Formula	19
SERB Formula	20
Disability Annuity Formula	20
Survivor Annuity Formula	20
IRS Covered Comp Table 2003	21

### WHEN YOU JOIN THE RETIREMENT PLAN

Effective 1 Jan 01, participation in the NAF Retirement Plan became mandatory for new hires, rehires and those who become eligible for benefits. Current employees were not required to enroll. Participants will not be able to opt out of the Plan until they have participated for six months. Employees who later opt out after six months, will only be able to cash out their Retirement Plan contributions when they separate employment or convert to an ineligible status.

#### **WHO MAY PARTICIPATE**

You may participate in the retirement plan if you are in an “eligible class.” You are eligible if you are:

- a regular NAF employee working at least 20 hours a week

#### **AND**

- working in one of the 50 United States, the District of Columbia, or Puerto Rico.

#### **HOWEVER:**

- if you are working overseas, you must be a U.S. citizen or the spouse or child of a U.S. citizen.
- After 12/28/2001, participating employees who accept Appropriated Fund employment within 1 year of NAF separation, may exercise their right to remain in the Army NAF Retirement Plan, in accordance with Public Law 107-107.

(Employees of the Army-Air Force Exchange Service, “leased employees,” and military personnel **may not** participate in the retirement plan.)

#### **WHEN TO JOIN**

If you are an eligible employee in a regular status, who began employment prior to 1/1/2001, you may join the retirement plan at any time. Many decide to join at the time they begin work or first become eligible; others decide to join later. **Employees who decided not to join the retirement plan initially but join later MAY NOT MAKE BACK PAYMENTS TO MAKE UP FOR THE TIME THEY DID NOT CONTRIBUTE.**

## HOW TO JOIN

To join the retirement plan you must fill out and sign DA Form 3473, which is available from your civilian personnel unit. (CPU)

**What Does the Retirement Plan Cost?** Your cost for basic benefits is 2% of your pay. This amount is deducted from your pay. In addition, your employer pays at least as much as you do—and more if necessary to keep the retirement plan financially sound.

### **Credited Service**

Definitions of Credited Service for purposes of the retirement plan may be found in AR 215-3, Chapter 15:

### **Military Service Credit**

Participants in the plan may receive credit for qualifying military service not to exceed 5 years. Qualifying military service can become credited service under the Plan by meeting all of the following requirements:

The service must have been terminated under honorable conditions in the Armed Forces of the United States Listed below:  
Army, Navy, Air Force, Marines Corps, Coast Guard.

The following types of separations are honorable:

- a. Under honorable conditions
- b. Separation because of hardship
- c. Transfer to retired list because of age or disability
- d. Transfer to Fleet Reserve
- e. Furlough to Reserve Forces
- f. General discharge under honorable conditions and
- g. Death in action

c. The military service may not be used previously, concurrently, or subsequently for either entitlement or computational purposes in any other retirement system or retirement plan including, but not limited to the Retirement System of the Armed Forces of the United States (except for individuals receiving military retired pay awarded on account of a service-connected disability incurred in combat with an enemy of the United States or on account of a service-connected disability caused by an instrumentality of war and incurred in the line of duty during a period of war, or under the provisions of 10 United States Code 1331-1337, Chapter 67 which grants retired pay to members of reserve components of the armed forces on the basis of age and service), the Civil Service Retirement System, or the Federal Employees' Retirement System, the retirement systems of any other nonappropriated fund instrumentalities

of the United States, of any State or instrumentality thereof or any municipality or instrumentality thereof. Military service which has been credited under any of the foregoing will not be creditable under the U.S. Army Nonappropriated Fund Employee Retirement Plan.

(1) The military service must have been performed before the date of the separation from the civilian position from which title to the annuity is based.

(2) The participant must complete a deposit to the Plan as prescribed by the Benefits Program Manager prior to commencement of the benefit entitlement. Survivor(s) of a participant who has provided written notice to the Benefits Program Manager of his/her intent to purchase eligible military service, but has been prevented by separation from completing the purchase transaction, will be afforded an opportunity to complete the transaction in a lump sum prior to commencement of payment of any benefit from the Plan.

- a. The participating employee begins the process by signing and forwarding the "Statement of Intent" Form Letter and EBB form 2800, "Application to Make Deposit for Military Service" and DD form 214 to the Benefits Program Manager. Forms are located in the Benefits Forms section of [www.NAFbenefits.com](http://www.NAFbenefits.com)
- b. Non-participating employees must join the plan and then follow instructions for participating employees. Service will not be credited until the employee has participated 5 or more years.
- c. The participating employee must (either concurrent with or after a above) provide documentation of base military pay for the military service recognized by the Plan.

Employee/Participant must:

- a. Sign Statement of and submit it to the Benefits Program Manager with:
  - b. Submit the following documentation:
    - (1) A completed EBB Form 2800, "Application to Make Deposit for Military Service Credit to the U.S. Army Nonappropriated Fund Employee Retirement Plan"
    - (2) DD Form 214, "Certificate of Release or Discharge form Active Duty,"

NOTE==> If DD Form 214 is not available, the employee may obtain a copy from the appropriate military records center by submitting SF 180 and

(3) Acceptable base pay documentation as follows:

(a) Actual pay records for the entire period of military service attached to EBB form 2800 or

(b) EBB Form RI 20-97 (Estimated Earnings during Military Service)

2. Upon receipt of the information and documentation in paragraph 1 above, the Benefits Program Manager will compute the amount due (the deposit) for the military service credit in the following manner:

a. The Benefits Program Manager will compute seven percent (7.0%) of base military pay for entire period of creditable military service. If the participant has more than five (5) years of service, the Benefits Program Manager will compute seven percent (7.0%) of the lowest salaried five (5) year period of military service.

b. If the entire deposit is not paid within the time period described below, the Benefits Program Manager will compute interest at eight percent (8.0%) compounded annually:

(1) for employees or for participants who were participating in the Plan on 1 Jan 98, interest is first added to the unpaid balance of the deposit on 1 Jan 2001.

(2) for employees or participants whose entrance on duty date is 1 Jan 98 or later, interest is first added to the deposit and computed on the unpaid balance of the deposit three (3) years from the participant's entrance on duty date.

c. If an employee wants to make the deposit through payroll deduction over a period of time, the Benefits Program Manager computes the interest amount due through the period of time stated by the employee. The Benefits Program Manager divides the deposit by the number of payperiods covering the period selected by the participant. This is the biweekly amount due for that period of time. Minimum biweekly payment amount is \$50.00. If the biweekly payment is insufficient to complete the entire deposit during the interest free time period, interest will be required only on the balance remaining at the end of the interest free time period. The Benefits Program Manager will

provide the participant with payment election of a biweekly payment or one lump sum payment.

3. Military service will not be credited until full payment of the deposit has been received by the Benefits Program Manager. If the participant has not paid for the whole period of military service by his/her separation date, he/she (or the survivor(s) if applicable) will be afforded an opportunity to deposit any balance remaining in a lump sum. If the remaining balance is not paid by the participant or survivor(s) in a lump sum, all partial payments received by the Benefits Program Manager through the separation of the participant will be refunded to the participant or survivor(s) as appropriate without credit for the military service. *Additionally, military service will not be credited until the employee has participated in the retirement plan for a minimum of 5 years.* If employee separates before participating in the retirement plan for a minimum of 5 years, he/she will receive a full refund of the military service credit deposit and contributions to the retirement plan.

Military service deposits will not be required for periods of military service before 1 Jan 57.

Participants must submit proof of military service in accordance with above instructions. Employees must participate in the retirement plan for a minimum of 5 years to received free credit for military service prior to 1 Jan 57.

## **VESTING**

You are vested in the retirement plan when you have contributed to the plan for 5 years. Vesting means you are entitled to receive a lifetime monthly benefit. *(Military Service will not be used to obtain vesting)*

## **WHEN PARTICIPATION BEGINS**

Your participation begins on the day you complete and elect participation. After you complete, sign and date DA Form 3473, you will see a deduction for retirement on your earnings and leave statement. Check your earnings and leave statement (LES) for deductions to begin. If deductions have not begun within 1 month of your election date, please contact your civilian personnel unit.

## **ENDING PARTICIPATION**

You may stop your participation in the retirement plan and stop making contributions at any time. If you do so, you must wait two years before you may rejoin. **(When estimating your credited service for retirement purposes, you cannot count any period of time when you do not contribute to the retirement plan.)** If you rejoin the retirement plan and decide once again to end participation, you may not rejoin again. Each time you change your status in the retirement plan, you must complete, sign and date DA Form 3473 at your servicing civilian personnel office.

Your participation automatically stops when you terminate employment or when you become ineligible because of a change from a regular position to a flexible position.

## **TERMINATION OF EMPLOYMENT**

Your employment may terminate in the following ways: You may quit, be fired or affected by a reduction resulting from a business based action, or you may die.

If you quit, are fired, or affected by a reduction, you have these choices:

- You may take a refund of your contributions (see the section entitled ***Refunds***).
- You may leave your contributions on deposit for up to 5 years, if you have less than 5 years credited service. If you do not rejoin the retirement plan within 5 years of your termination date, your money will be refunded to you. You may, of course, rejoin the plan if you are re-hired in an eligible class within 5 years.
- If you have 5 or more years in the retirement plan, you may delay starting your monthly benefit and take a deferred monthly benefit which can start as early as age 52.

If you die while still employed:

- Your survivors get a monthly benefit or a refund of your money, depending on how much credited service you have. If you die and you were eligible for a normal or early retirement annuity, your spouse will be paid the 55% or the 100% continuation option (whichever is greater), plus 55% of your supplemental early retirement benefit. If you die and had not attained the age for a retirement benefit, but you were vested in the retirement plan, your spouse will receive 55% of your benefit, unreduced for age.



## TYPES OF RETIREMENT BENEFITS

The following types of retirement benefits are available for you as a participant in the retirement plan. Any one of the monthly benefit annuities are more valuable than taking a refund of your contributions plus interest, because most retirees receive all of the contributions in interest in annuity payments within 1-3 years of retirement.

**NORMAL ANNUITY** — You retire at age 62 or later and have completed at least 5 years credited service in the retirement plan. The normal monthly benefit provides a basic calculation from which all other benefit amounts and options are figured:

Age	Years of Credited Service	Remarks
62	5	Benefit not reduced

**EARLY ANNUITY \*\***— You retire before reaching the normal retirement age of 62 and you have or exceed, one of the following combinations of age and service listed below:

Age	Years of Credited Service	Remarks
50	20	Reduced benefit
52	5	Reduced benefit
60	20	Benefit not reduced
55	30	Benefit not reduced

*\*\*Additionally, employees electing this benefit will receive a supplemental early retirement benefit (SERB) in addition to the early monthly benefit until his/her 62nd birthday. (See the section entitled Supplemental Early Retirement Benefit [SERB])*

## VERA/VSIP

### **VOLUNTARY EARLY RETIREMENT AUTHORITY (VERA) and DISCONTINUED SERVICE RETIREMENT (DSR)**

Effective 1 January 97, a VERA and DSR was added to the Retirement Plan. The Army NAF Retirement Plan has a VERA/DSR policy when installations are undergoing a 5% or more reduction. All requests for

VERA/DSR must obtain prior approval from the Assistant of the Army (Manpower and Reserve Affairs) ASA M&RA. Eligibility requirements are 25 years of credited service and any age, or age 50 with 20 years of credited service. Participants who are approved for VERA/DSR and meet eligibility requirements, will have their benefit reduced by 2% per year from age 55. Regular early retirement reductions are 4% per year from age 62. A VERA projection is available on the Retirement Plan web site at [www.NAFBenefits.com](http://www.NAFBenefits.com). The file is a Microsoft Excel Version 6.0 Worksheet. If you need a different version of Excel, email the Benefits Office.

## **SUPPLEMENTAL EARLY RETIREMENT BENEFIT (SERB)**

If you retire before age 62 and receive an early annuity, you will receive **(UNTIL YOU REACH AGE 62 AND BECOME ELIGIBLE FOR SOCIAL SECURITY BENEFITS) a supplemental early retirement benefit (SERB)**. The SERB recognizes that Social Security benefits, which are an integral part of NAF retirement, are not payable until a participant reaches age 62. If you retire at or after age 62, you will not receive a SERB since Social Security benefits are payable immediately. (See also the section entitled **SERB Formula**.)

**\*\*Disability annuitants are not eligible to receive SERB.**

**DEFERRED ANNUITY** — You separate employment before age 62 and ask to wait for your monthly benefit, until the first day of the month after reaching age 52 or later. You must have at least 5 years credited service in the retirement plan to be eligible for this benefit:

Age	Years of Credited Service	Remarks
52	5	Reduced benefit
62	5	Benefit not reduced

### **IMPORTANT NOTE ABOUT DEFERRED MONTHLY BENEFITS—**

*Retiree medical and life insurance benefits are not available to retirees electing a deferred monthly benefit. For questions regarding your medical and life benefits eligibility, contact your civilian personnel unit.*



**DISABILITY ANNUITY** — You become **totally and permanently disabled and unable to perform work**, provide medical information from your doctor, and your application for disability is

approved by the medical authority selected by the Benefits Program Manager, you may be approved for a disability monthly benefit. To apply for this benefit, your total disability must have happened while you were employed and you must apply for this benefit no later than 30 days after separation. ***Applications received after 30 days will be denied.***

<u>Age</u>	<u>Years of Credited Service</u>	<u>Remarks</u>
52 <u>or</u>	5	See the following:

You must be 52 **or** you may be any age if you have 5 years of credited service. (If you have less than 5 years of credited service, you must have contributed to the retirement plan for at least 12 months immediately preceding your request for disability retirement to be eligible for a disability benefit and you must be at least age 52.) **Also**, the disability cannot be caused by your misconduct (for example, alcohol or drug abuse) during the 5 years before the disability started. Permanent disability means you cannot perform useful and efficient work in your position or another position similar to your position, as determined by the medical authority approved by the Benefits Program Manager.

If you are getting workers' compensation benefits, your disability benefit when combined with your workers' compensation benefit, cannot exceed 90% of your HI-3 salary used in figuring your monthly benefit.

#### **OPTIONAL BENEFITS**

When you receive your final retirement benefit option papers from the Employee Benefits Office, you can choose a benefit with different payout rules. If you are unmarried, you may choose any payout option. If you are married, you must choose either the normal survivor option or the 100% continuation option, unless your spouse waives his/her rights to that benefit. These are your choices:

##### **5 Year Certain**

- A reduced monthly benefit which you receive for life, but at least for 60 months. If you die before you receive 60 monthly payments, the remaining benefits are paid to your beneficiary.

##### **10 Year Certain**

- A reduced monthly benefit which you receive for life, but at least for 120 months. If you die before you receive 120 monthly payments, the remaining benefits are paid to your beneficiary.

##### **100% Continuation to Spouse**

- A reduced monthly benefit which you receive for life. When you die, your beneficiary receives 100% of your reduced monthly benefit.

### **55% Continuation to Spouse**

A life annuity monthly benefit which has been reduced 10%. When you die, your beneficiary receives 55% of the life annuity benefit amount.

### **SMALL BENEFITS—ACTUARIAL LUMP SUM**

If your monthly benefit is less than \$100 a month, the Benefits Program Manager may elect to make these payments quarterly, semi-annually, or annually, or may elect to pay a lump sum which is the actuarial equivalent of the monthly benefit. If you get a lump sum, that payment completes the obligation of the retirement plan.

To find out what your estimated monthly benefit will be, please see your civilian personnel officer for a projection of retirement benefits or try the retirement projection spreadsheet at [www.NAFBenefits.com](http://www.NAFBenefits.com).



**REFUNDS** You may get a refund of the money you put in to the retirement plan plus interest, only if one of the following happens:

- When you terminate employment.  
If you get a refund and are later rehired, you may buy back your prior service by repaying the refund plus 3% interest compounded annually. This must be done within 2 years of your re-hire date. If you are re-hired, you may redeposit the refund within 2 years. If you choose not to redeposit the refund, we will still give you creditable service for the period of time related to the refund. Your benefit will be actuarially reduced to make up for the missing contributions and interest. If you wait longer than 2 years to re-deposit, you may still re-deposit all the way up until you separate employment, however the interest rate is 8% compounded annually, for every year the money was out of the plan. Contact Employee Benefits if you are interested in this option.
- When you cannot participate because of a change in employment status.

***\*\*If you are vested (participated for 5 or more years), a refund of your money and interest is probably not the best option for you. Generally, if you elect a monthly benefit, your contributions and***

***interest are returned to you within one to three years of monthly benefit payments. You will receive all NAF money for the rest of your life! Also, after your death, your spouse will get NAF money for the rest of his or her life! If you get a refund, you lose these benefits. Think about it!***

Use DA Form 3715-R to get a refund. You may obtain this form from your civilian personnel office. This form must be signed by the employee and civilian personnel officer and attach DA Form 3434 or 3473 coded 04 for separation of employment. Your civilian personnel officer will verify the forms and submit them to the NAF Benefits Office for payment.

**MONEY ON DEPOSIT** — You should ask for this, only if you expect to be rehired in an Army NAF position within 5 years.

If you have less than 5 years credited service, terminate your employment, do not request a refund, and are not rehired within 5 years, your contributions plus interest will be refunded after 5 years.

### **SPOUSAL WAIVER FORM**

If you are married and have more than 5 years credited service, your spouse must agree in writing for you to get a refund of your money. This is because after you have 5 years credited service, you are vested (that is, at age 62 you have the right to a monthly benefit) and your spouse is entitled to a part of that monthly benefit or to a survivor benefit, according to the law.

### **DEATH BENEFITS**

#### **Before retirement**

- If you die before you retire and **have less than 5 years credited service**, your money plus interest will be paid to your spouse, beneficiary, or estate.
- If you die before you retire and **have more than 5 years credited service**, a survivor benefit will be paid to your spouse or your money plus interest will be paid to your designated beneficiary or to your estate, if you do not have a surviving spouse.

#### **After retirement**

- If you die after retirement but before you receive a monthly benefit, a survivor benefit will be paid to your spouse or your money plus interest will be paid to your designated beneficiary or to your estate, if you do not have a surviving spouse.

- If you die after you retire and you have started getting your monthly benefit, either survivor or death benefits will be paid as you chose on your retirement option papers.

#### **After disability retirement**

- If you retire on a disability and then die, survivor benefits will be paid as if you had died before retirement. (See **After Retirement** above)

### **SURVIVOR BENEFIT**

Your surviving spouse will get a monthly benefit if you die before your spouse:

- while you are actively employed and you have at least 5 years of credited service, or
- while you are receiving a monthly benefit.  
(Unless your spouse waived rights when you retired)

(See also the section entitled **Death Benefits** above.)

### **RETIREMENT BENEFITS**



#### **ELIGIBILITY**

To be eligible to receive a monthly benefit from the retirement plan, you must have at least 5 years of credited service.

#### **CREDITED SERVICE**

Credited service includes periods when you worked in a regular NAF civilian position **and** contributed to the retirement plan **and** other periods of time which may be credited as service. (See section entitled **Portability of Benefits**)

#### **PORTABILITY OF BENEFITS**

#### **NAF TO NAF**

**Between DoD NAFIs of different branches of the Armed Forces (AAFES, Marines, Air Force, BUPERS, Navy, Navy Exchange, or Coast Guard)**

If you are participating in the Army NAF retirement plan and you terminate employment (for reasons other than retirement) and you are employed by a different DoD NAFI within 90 calendar days, you may carry forward your credited service from the Army NAF retirement plan. This does not apply to transfers which occurred between August 1975 and April 1983, except for transfers of function or reduction in force. (Exception: If the other DoD NAFI does not cover part time employees, then credited service for Army NAF is not allowed).

Upon retirement from the other DoD NAFI, you will receive two monthly benefit checks, one from Army and one from the other DoD NAFI. (Exception: If you transfer to another DoD NAFI before becoming vested in the Army NAF retirement plan, you will only receive a refund of your money plus interest, however your Army NAF credited service will be counted in figuring your retirement benefit from the other DoD NAFI retirement plan.)

If you are vested in the Army NAF retirement plan at the time of transfer, and you want portability of benefits, **you may not choose to receive your Army NAF monthly benefit, until you retire from the other DoD NAFI.** If you are vested at the time of transfer and you have reached the minimum retirement age for an Army NAF monthly benefit and you choose an Army NAF monthly benefit, portability of benefits will not apply for you. You will be treated as a new hire at the other DoD NAFI as if you never had any prior Army NAF credited service.

The same procedure applies in reverse, if you transfer from another DoD NAFI to Army NAF.

Your civilian personnel office should contact the Employee Benefits Office when you transfer employment within 90 calendar days, to another DoD NAFI so your benefit can be figured at the time of transfer. The prescribing directive is [DoD 1401.1M, Personnel Policy Manual for NAFIs, Edition December 1988](#). This manual is available on the web for download at: <http://www.cpms.osd.mil/nafpdp/nafhome.htm> or you may access the link from [www.NAFbenefits.com](http://www.NAFbenefits.com) and select the link DOD NAF Personnel Policy.

#### **NAF to APF**

**Between a Nonappropriated Fund (NAF) Retirement Plan and the Federal Employee Retirement System (FERS) or Civil Service Retirement System (CSRS) for Appropriated Fund employees (APF)**  
Please refer to the *DoD Portability of Benefits for Moves Between Civil Service and Nonappropriated Fund Retirement Systems Reference Guide in the Portability Section of [www.NAFbenefits.com](http://www.NAFbenefits.com)*

Public Law 101-508 and P.L. 104-106 allows vested Army NAF employees to choose to remain in the Army NAF retirement plan, if your regular NAF job is changed to a regular APF job, within 3 calendar days. This is a onetime, lifetime election.

**Public Law 101-508** (effective 1 Jan 87) Allows vested NAF employees to remain in the NAF retirement plan, if they move to an APF DOD job within 3 days. It also allows vested Army APF employees to choose to remain in FERS or CSRS, if their regular APF job is changed to a regular NAF job within DoD and within 3 calendar days.

**Public Law 104-106** (effective 1996) replaced Public Law 101-508 and allows up to a 1 year break in service and up to 1 year to select which retirement system, as long as the election is made with 31 days of the APF appointment. This law expanded moves to include the entire Federal Government and not just within DoD. Anyone who exercised their portability rights under P.L. 101-508, cannot also exercise them under P.L. 104-106.

**Public Law 107-107** (effective 28 Dec 01) removes the vesting requirements required of P.L. 101-508 and 104-106.

You must be given an opportunity to make this lifetime election. You are responsible for any prior contributions due the Army NAF retirement plan or FERS or CSRS, whichever you elect. You must complete RI-38-134 April 2002 at your civilian personnel office. If you choose to stay in the Army NAF retirement plan, you may never be in FERS or CSRS and vice versa. This election follows you for the rest of your career, regardless of future retirements.

If you choose to stay in the Army NAF retirement plan, you can participate in the APF medical and life extension plans at retirement, provided the minimum participation requirements have been met. Army NAF medical and life plan participation time can be used to meet the APF required medical and life plan participation time, at retirement. You cannot participate in the Army NAF medical and life extension plans at retirement.

Please see the Portability of Benefits Handbook located in the Portability Section of [www.NAFbenefits.com](http://www.NAFbenefits.com)



## HOW AND WHEN TO APPLY FOR A MONTHLY BENEFIT



Your civilian personnel office will help you apply for a monthly benefit and give you DA Form 3715-R which must be completed to request the monthly benefit. You should apply 2 months before you plan to retire or as soon as possible.

## START OF ANNUITY PAYMENTS

You will get your first monthly benefit check on the first of the month following the month your CPU separates you from the rolls. For example, if you separate during March, your first monthly benefit check will be for 1 April. **(To maximize your benefit, most employees elect to retire on or before the last day of the month).** The first few checks will be for an estimated monthly benefit and may very well be smaller than your final monthly benefit. After you return the option papers you receive from the Employee Benefits Office, your final monthly benefit will be figured. The first check you receive after your final monthly benefit is figured, will include the difference due you between the estimated monthly benefit and your final monthly benefit. *(Note: Failure to return option papers timely will result in cancellation of your estimated annuity)*

## MAXIMUM BENEFITS

The maximum benefits payable under the retirement plan are:

- **Normal, Early, or Deferred Retirement:** The Normal or Early Retirement benefit or 80% of high 3 average salary, whichever is less.
- **Disability benefits:** The Disability Retirement benefit cannot exceed 90% of high 3 average earnings, when added to Workers' Compensation.

- **Survivor benefits:** 55% of your benefit unless the 100% continuation option was elected by the employee at retirement.

### Retirement Projection Requests

If you would like a projection of your retirement benefits, you may contact your civilian personnel office for assistance or use the retirement projection spreadsheet at [www.NAFBenefits.com](http://www.NAFBenefits.com).

### Percentage of Salary Replacement from the Plan

Defined benefit retirement plans by design, were never intended to cover 100% of your working salary. They are designed to cover a percentage of your salary, based on years of participation in the plan. A defined benefit retirement plan in conjunction with a 401(k) Savings Plan and your social security income, together, could help you achieve 100% or more of your working annual salary in retirement.

Here's what you could expect to receive from the retirement plan, based on your Hi 3 salary at retirement and your years of participation in the retirement plan.

Hi-3 Salary	Years of Participation							
	5	10	15	20	25	30	35	40
	6%	12%	18%	26%	34%	42%	50%	58%
	Salary Replacement % Above							
\$10k	\$ 600	\$ 1200	\$ 1800	\$ 2600	\$ 3400	\$ 4200	\$ 5000	\$ 5800
\$20k	\$1200	\$ 2400	\$ 3600	\$ 5196	\$ 6792	\$ 8400	\$10000	\$11600
\$30k	\$1800	\$ 3600	\$ 5400	\$ 7800	\$10200	\$12600	\$15000	\$17400
\$40k	\$2400	\$ 4800	\$ 7200	\$10400	\$13600	\$16800	\$20000	\$23200
\$50k	\$3075	\$ 6150	\$ 9225	\$13300	\$17375	\$21450	\$25450	\$29450
\$60k	\$3825	\$ 7650	\$11475	\$16500	\$21525	\$26550	\$31350	\$36150
\$70k	\$4575	\$ 9150	\$13725	\$19700	\$25675	\$31650	\$37250	\$42850
\$80k	\$5235	\$10650	\$15975	\$22900	\$29825	\$36750	\$43150	\$49550
\$90k	\$6075	\$12150	\$18225	\$26100	\$33975	\$41850	\$49050	\$56250
\$100k	\$6825	\$13650	\$20475	\$29300	\$38125	\$46950	\$54950	\$62950

Amts in chart represent Annual Retirement Income from Plan retiring at Age 62

### The Normal Annuity Formula

These calculations can be done automatically by using the spreadsheet on the web site at [www.NAFbenefits.com](http://www.NAFbenefits.com). You can plug in the HI-3, Credited Service and Date of Birth and get a projection of your retirement

benefit. Go to the retirement section of the web site and download the MS Excel file or if you want to compute your estimate using the plan formula with a calculator, it is listed below:

**A. Multiply the following:**

- Hi-3 years average annual salary;
- times years and months of creditable service up to 15;
- times .012

**Plus**

**B. Multiply the following:**

- Hi-3 years average annual salary;
- times years and months of creditable service over 15;
- times .016

**C. Add A and B above and divide by 12**

This is your estimated monthly benefit. There is one more step using the **Covered Compensation Table**. This table is done annually by the Internal Revenue Service (IRS) and is based on increases in the Social Security Wage Base, year of birth and year of retirement. The website, [www.NAFBenefits.com](http://www.NAFBenefits.com) has the current issue of this table built into it.

**The 2003 Covered Compensation Table is on the next page.** Look up your year of birth on the table. If your HI-3 average annual salary is greater than the Social Security Covered Compensation amount, subtract the Social Security Covered Compensation amount from your HI-3 average annual salary. If your HI-3 average annual salary is less than the Social Security Covered Compensation amount, disregard this step.

**D.**

- Hi-3 years average annual salary minus social security covered compensation amount;
- times .003
- times years of credited service up to 30 years
- divide by 12
- add this amount to the amount obtained in **section C** on previous page. This is your total estimated monthly benefit due at age 62.

**Early Annuity Formula**

These calculations can be done automatically by using the spreadsheet on the web site at [www.NAFbenefits.com](http://www.NAFbenefits.com). You can plug in the HI-3,

Credited Service and Date of Birth and get a projection of your retirement benefit. Go to the retirement section of the web site and download the MS Excel file or if you want to compute your estimate using the plan formula with a calculator, it is listed below:

- Follow all steps in calculating the Normal Annuity Projection.
- Reduce the monthly benefit figured in the normal annuity projection by 4% for each year under age 62 that you retire. For example: if you are age 56 with 10 years of credited service, you will reduce the normal benefit by 6 years times 4%, equals a 24% reduction in the benefit. If the monthly normal annuity benefit is \$1000 per month, this early retirement benefit will be \$760 per month.

### **SERB Formula**

The **SERB** is calculated as follows:

- A. Multiply \$192 times credited service up to 25 years; divide by 12
- B. Multiply .005 times Hi-3 Salary times credited service up to 25 years; divide by 12.
- Enter the lesser of A or B. This is the monthly **SERB** amount due in addition to your benefit calculated under the Early Retirement Formula.

### **Disability Annuity Formula**

These calculations can be done automatically by using the spreadsheet on the web site at [www.NAFbenefits.com](http://www.NAFbenefits.com). You can plug in the HI-3, Credited Service and Date of Birth and get a projection of your retirement benefit. Go to the retirement section of the web site and download the MS Excel file or if you want to compute your estimate using the plan formula with a calculator, it is listed below:

Follow procedures outlined for normal annuity projection, except **omit the Covered Compensation Table step. Do Not add the Supplemental Early Retirement Benefit and Do Not reduce the benefit for age less than 62.**

### **Survivor Annuity Formula**

(for employees who die before retirement)

Follow procedures for normal annuity for the deceased employee based on the employee's age and credited service at death. Multiply the answer by 55%. This is the survivor benefit due. If you die while actively employed and you were eligible to receive an early or normal retirement

benefit, then your spouse will be paid the 100% continuation option benefit for the rest of his or her life.

Also, if the deceased employee would have been entitled to **SERB**, the survivor is entitled to 55% of the **SERB** until the deceased employees' 62nd birthdate.

**2004 Social Security Covered  
Compensation Table**

This table changes annually when the IRS publishes it. We will update this table as we receive the IRS updates.

<b>Year of Birth</b>	<b>Wage Base</b>
1912	6000
1913	6000
1914	6000
1915	6000
1916	9000
1917	9000
1918	9000
1919	12000
1920	12000
1921	12000
1922	15000
1923	15000
1924	18000
1925	18000
1926	21000
1927	21000
1928	24000
1929	24000
1930	27000
1931	27000
1932	30000
1933	30000
1934	33000
1935	36000
1936	36000
1937	39000
1938	45000
1939	45000

1940	48000
1941	51000
1942	54000
1943	54000
1944	57000
1945	60000
1946	60000
1947	63000
1948	66000
1949	66000
1950	69000
1951	69000
1952	72000
1953	72000
1954	75000
1955	78000
1956	78000
1957	81000
1958	81000
1959	81000
1960	81000
1961	84000
1962	84000
1963	84000
1964	87000
1965	87000
1966	87000
1967	87000
1968	87900
1969	87900
1970	87900
1971	87900
1972	87900
1973	87900
1974	87900
1975	87900
1976	87900
1977	87900
1978	87900
1979	87900
1980	87900

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